

PROGRAM NARRATIVE

414 Securities Department

Date: 01/13/2011

Time: 11:31:11

Program: Investor Protection

Reporting level: 00-414-100-00-00-00-00000000

Program Performance Measures

Performance measures have not been established.

Program Statistical Data

Investor protection begins with registration of investment securities, sales firms and agents, franchise offerings, and pre-need funeral plan sales. Fees collected are a small but significant revenue source for the State of North Dakota. The agency fosters the formation of capital by legitimate North Dakota businesses. Investigation of fraud and misrepresentation result in money returned to North Dakota investors through rescission, recovery and restitution. Enforcement actions generate state revenues through statutory civil penalties, and consent orders and agreements. Education programs help investors make wise investment decisions and avoid fraud and abuse.

DEPARTMENT STATISTICAL DATA	Actual Year Ending 6/30/2010	Estimate Year Ending 6/30/2011	Estimate Biennium 2009-11	Estimate Biennium 20011-13	Estimate Biennium 20013-15
SECURITIES					
Actual number of ND Offerings:					
Test the Waters	3	5	8	10	10
Accredited Investor	3	5	8	20	20
Organizational (no filing required)	-	-	-	-	-
Limited Offering	2	5	7	5	5
Limited Offeree	6	10	16	25	25
Regulation D, Rule 506	16	20	36	50	50
Registered Offerings	1	5	6	10	10
Total ND Offerings	31	50	81	120	120
Actual \$ of ND Offerings:					
Test the Waters	85,965,000	10,000,000	95,965,000	50,000,000	50,000,000
Accredited Investor	2,150,000	250,000	2,400,000	4,500,000	4,500,000
Organizational (no filing required)	-	-	-	-	-
Limited Offering	120,000	500,000	620,000	900,000	900,000
Limited Offeree	2,692,997	5,000,000	7,692,997	7,000,000	7,000,000
Regulation D, Rule 506	33,602,600	35,000,000	68,602,600	200,000,000	200,000,000
Registered Offerings	7,500,000	10,000,000	17,500,000	50,000,000	50,000,000
Total \$ of ND Offerings	132,030,597	60,750,000	192,780,597	262,400,000	262,400,000
REGISTRATIONS					

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Securities Registrations:					
# Definite Registrations	1,237	1,500	2,737	1,800	1,800
\$ Definite Registrations	6,656,982,891	7,500,000,000	14,156,982,891	14,000,000,000	14,000,000,000
# Indefinite Registrations	1,448	1,500	2,948	4,000	4,000
Franchise	878	878	1,756	2,000	2,000
Broker-Dealer	1,237	1,235	2,472	2,600	2,600
Sales Agent	61,642	61,650	123,292	114,000	114,000
Investment Advisor	649	650	1,299	1,400	1,400
Investment Advisor Representative	1,297	1,300	2,597	2,810	2,810
ENFORCEMENT					
Complaint Investigations Opened	38	50	88	92	92
Involved Registered Persons	24	36	60	50	50
Complaint Investigations Closed	46	54	100	80	80
Other Investigations Opened	15	25	40	70	70
Involved Registered Persons	11	19	30	20	20
Other Investigations Closed	31	29	60	80	80
For-Cause Firm Exams	1	3	4	4	4
Routine Firm Exams	1	25	26	24	24
Number North Dakota Firm Offices	612	612	612	612	612
\$ Returned to Investors	583,316	917,000	1,500,316	900,000	900,000
EDUCATION					
General Public	27,556	27,600	55,156	55,000	55,000
Student Programs	72,131	72,200	144,331	140,000	140,000
Teacher Programs	2,613	2,650	5,263	5,000	5,000
GENERAL FUND REVENUE					
Franchises	95,400	90,000	185,400	175,000	175,000
Securities	3,193,805	3,193,805	6,387,610	6,400,000	6,400,000
Dealers/Investment Firms	392,850	392,850	785,700	785,000	785,000
Agents/Representatives	4,423,790	4,423,790	8,847,580	8,800,000	8,800,000
Fines-Forfeitures-Escheat	484,878	100,000	584,878	100,000	100,000
Preneed Funeral	570	570	1,140	1,140	1,140
Misc. Sales & Services	930	600	1,530	1,000	1,000
Refund of Prior Bienn Expense	61	-	61	-	-
Total	8,592,285	8,201,615	16,793,900	16,909,437	16,909,437

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SPECIAL FUND REVENUE					
Fines-Forfeitures-Escheat	264,868	50,000	314,868	50,000	50,000
Conference Registration Fees	5,440	5,500	10,940	8,000	8,000
Restitution Fund	(22,971)	-	(22,971)	-	-
Grant/Contrib	50,000	50,000	100,000	-	-
Misc. Sales & Services	15	-	15	-	-
Total	297,353	105,500	402,853	58,000	58,000
TOTAL REVENUE	8,889,637	8,307,115	17,196,752	17,025,437	17,025,437

Explanation of Program Costs

Register companies and professionals in the regulated industries, pursue legal remedies for violations, and educate investor and consumers.

Program Goals and Objectives

To protect the investing public.

REQUEST DETAIL BY PROGRAM

414 Securities Department

Bill#: SB2011

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:31:11

Program: Investor Protection		Reporting Level: 00-414-100-00-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Salaries and Wages					
Salaries - Permanent	945,942	1,048,066	25,799	1,073,865	0
Overtime	0	1,205	(634)	571	0
Fringe Benefits	287,817	359,849	4,338	364,187	0
Total	1,233,759	1,409,120	29,503	1,438,623	0
Salaries and Wages					
General Fund	1,233,759	1,409,120	29,503	1,438,623	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1,233,759	1,409,120	29,503	1,438,623	0
Operating Expenses					
Travel	77,440	105,557	0	105,557	0
Supplies - IT Software	2,193	9,477	0	9,477	0
Supply/Material-Professional	109,223	121,971	0	121,971	0
Food and Clothing	199	164	0	164	0
Bldg, Ground, Maintenance	0	719	0	719	0
Miscellaneous Supplies	7,681	2,000	0	2,000	0
Office Supplies	11,099	14,789	0	14,789	0
Postage	8,522	7,998	0	7,998	0
Printing	20,753	19,084	0	19,084	0
IT Equip Under \$5,000	50	28,125	0	28,125	(17,939)
Other Equip Under \$5,000	772	6,238	0	6,238	0
Office Equip & Furn Supplies	11,120	38,476	0	38,476	0
Insurance	1,592	1,853	0	1,853	0
Rentals/Leases-Equip & Other	8,517	8,975	0	8,975	0
Rentals/Leases - Bldg/Land	11,659	11,966	0	11,966	0
Repairs	856	43,851	0	43,851	(24,000)
IT - Data Processing	23,476	38,991	0	38,991	0
IT - Communications	24,381	26,766	0	26,766	0
IT Contractual Svcs and Rprs	7,719	7,655	0	7,655	0
Professional Development	53,445	55,835	0	55,835	0
Operating Fees and Services	24,627	28,624	0	28,624	0
Fees - Professional Services	35,342	127,327	0	127,327	(12,900)
Total	440,666	706,441	0	706,441	(54,839)
Operating Expenses					
General Fund	227,668	389,242	0	389,242	(54,839)

REQUEST DETAIL BY PROGRAM

414 Securities Department

Biennium: 2011-2013

Bill#: SB2011

Date: 01/13/2011

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Program: Investor Protection		Reporting Level: 00-414-100-00-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Federal Funds	0	0	0	0	0
Special Funds	212,998	317,199	0	317,199	0
Total	440,666	706,441	0	706,441	(54,839)
Total Expenditures	1,674,425	2,115,561	29,503	2,145,064	(54,839)
Funding Sources					
General Fund					
Total	1,461,427	1,798,362	29,503	1,827,865	(54,839)
Special Funds					
244 Investor Education & Technology	212,998	317,199	0	317,199	0
Total	212,998	317,199	0	317,199	0
Total Funding Sources	1,674,425	2,115,561	29,503	2,145,064	(54,839)
FTE Employees	9.00	9.00	0.00	9.00	0.00

CHANGE PACKAGE DETAIL

414 Securities Department

Biennium: 2011-2013

Bill#: SB2011

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
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Base Budget Changes**Ongoing Budget Changes**

Base Payroll Change		0.00	29,503	0	0	29,503
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Total Ongoing Budget Changes		0.00	29,503	0	0	29,503
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Total Base Budget Changes		0.00	29,503	0	0	29,503
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Optional Savings Changes

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Total Optional Savings Changes		0.00	(54,839)	0	0	(54,839)
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